

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION**

FEDERAL INSURANCE COMPANY,
an Indiana corporation,

Plaintiff,

Case No.: 5:06-cv-11328
Honorable O'Meara, John Corbett

vs.

PROJECT CONTROL SYSTEMS, INC., a Michigan
corporation, PCSI MANAGEMENT, LLC d/b/a PVA
EARTHWORKS, a Michigan limited liability company,
ASSEM SHEIKH, an individual, and NADA SHEIKH,
an individual,

Defendants.

Michael D. Carroll (P53815)
KERR, RUSSELL AND WEBER, PLC
Attorneys for Plaintiff
500 Woodward Avenue, Suite 2500
Detroit, MI 48226
(313) 961-0200
(mdc@krwlaw.com)

DEFAULT JUDGMENT AS AGAINST DEFENDANTS
PROJECT CONTROL SYSTEMS, INC. AND PCSI MANAGEMENT, LLC
D/B/A PVA EARTHWORKS

This matter having come before the Court upon the Motion for Default Judgment of Federal Insurance Company as against Project Control Systems, Inc. and PCSI Management, LLC d/b/a PVA Earthworks;

The Court having issued a Preliminary Injunction Order on April 27, 2006;

The Court having made the following findings of fact and conclusions of law:

1. The Defendants, including the defaulted Defendants, entered into a General Agreement of Indemnity with Federal Insurance Company on March 1, 2005, requiring each of

them to indemnify Federal from and against any and all loss, damage or expense in connection with bonds issued by Federal to any of the Indemnitors, said General Agreement of Indemnity requiring each of the Indemnitors to place with Federal collateral in the amount sufficient to cover all undischarged liability under such bonds.

2. Federal having made request for such collateral and the defendants having failed to provide same;

3. Federal having determined that a deficiency in the amount of \$2,432,020.00 exists in connection with the six projects of Project Control Systems, Inc. in connection with which Federal issued bonds in reliance on the General Agreement of Indemnity (the “Bonded Projects”);

4. This deficiency when taken together with attorneys fees, consultants fees, and other expenses in connection with liabilities under the bonds, including in finishing the Bonded Projects, equals \$2,750,000.00.

5. The Court having found:

- a) Federal to be substantially likely to prevail against all of the Defendants in connection with the foregoing;
- b) that Defendants Project Control Systems, Inc. and PCSI Management, LLC d/b/a PVA Earthworks are in default, and
- c) Federal has no adequate remedy at law and will be irreparably harmed in its rights if not given injunctive relief of the type hereunder;

The Court being otherwise fully advised, now, therefore:

IT IS HEREBY ORDERED that the Preliminary Injunction Order entered on April 27, 2006 continues as to the non-defaulted parties Assem and Nada Sheikh.

IT IS HEREBY FURTHER ORDERED as to the following projects in connection with which Project Control Systems, Inc. worked as general contractor, and which were bonded by Federal Insurance Company (“Federal”):

- (a) New Walnut Lake Sanitary Pumping Station for the owner/obligee Oakland County Drain Commissioner, County Agency for the County of Oakland (“Walnut Lake Project”); Bond No. 81964314;
- (b) New Macomb County Public Works Building for the owner/obligee Macomb County Board of Commissioners (“Macomb Public Works Building Project”); Bond No. 81966212;
- (c) Village of Dundee Industrial Pretreatment Facility Contract A for the owner/obligee Village of Dundee, Michigan (“Dundee Project”); Bond No. 81966215;
- (d) Bishop International Airport Snow Removal Equipment Building Expansion for the owner/obligee Bishop International Airport (“Bishop Airport Project”); Bond No. 81957262;
- (e) United States Postal Service St. Clair Carrier Annex Site for the owner/obligee United States Postal Service (“Postal Service Project”); Bond NO. 81966198; and
- (f) First Floor Renovation Martha T. Berry Medical Care Facility for the owner/obligee Macomb County (“Macomb Medical Facility Project”), Bond No. 81966225;

(collectively the foregoing are herein referred to as the “Bonded Projects”), that the Owners/Obligees shall make all further payments that would otherwise be due Project Control Systems, Inc., directly and solely to Federal.

IT IS HEREBY FURTHER ORDERED that each of Defendants shall provide Federal a full and complete accounting of all assets owned by them or in which they have an interest; and shall allow Federal and/or its agents full and complete access to all of their financial books, records and accounts, and other asset documentation, including but not limited to, all accounting and other project documents related to any and all construction projects, whether bonded or not bonded by Federal, as well as any and all deeds, titles, security agreements, evidence of

indebtedness, or like documentation regarding both the existence of and the value of any assets that could be used to fulfill Defendants' collateralization obligation under the General Agreement of Indemnity and/or the Judgment;

IT IS FURTHER ORDERED that Project Control Systems, Inc. and PCSI Management LLC d/b/a PVA Earthworks are enjoined and restrained from selling, transferring or disposing their assets and property and are further enjoined and restrained from allowing their assets and property to be lienied, unless and until Federal receives the \$2,750,000.00 referenced herein, or further Order of the Court;

IT IS HEREBY FURTHER ORDERED AND ADJUDGED that judgment is hereby entered in favor of Federal Insurance Company and against Project Control Systems, Inc. and PCSI Management LLC d/b/a PVA Earthworks, jointly and severally, in the amount of \$2,750,000.00, and that there being no just reason for delay, this judgment is final as against Project Control Systems, Inc. and PCSI Management LLC d/b/a PVA Earthworks.

IT IS HEREBY FURTHER ORDERED AND ADJUDGED that this judgment may be subject to increase on motion by Federal should its damages ultimately exceed the judgment amount herein.

s/John Corbett O'Meara
John Corbett O'Meara
United States District Judge

Dated: May 22, 2006